

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2019 - * 29	Amendment No. (req. for Amendments *)
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Filing by Miami International Securities Exchange, LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(6)
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the Fee Schedule to adopt a Market Turner Incentive Program for Market Makers.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Michael	Last Name * Slade
Title * Counsel	
E-mail * mslade@miami-holdings.com	
Telephone * (609) 897-8499	Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 05/31/2019	Senior Vice President and Deputy General Counsel
By Joseph Ferraro	
(Name *)	



NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX” or “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend the MIAX Fee Schedule (the “Fee Schedule”) to adopt a rebate program for Market Makers³ that submit aggressively priced quotes in SPIKES options.

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on June 1, 2019.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and a copy of the applicable section of the Fee Schedule is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange pursuant to authority delegated by the MIAX Board of Directors on January 31, 2019.

Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Michael Slade, Counsel, at (609) 897-8499.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

a. Purpose

Background

On October 12, 2018, the Exchange received approval from the Commission to list and trade on the Exchange, options on the SPIKES® Index, a new index that measures expected 30-day volatility of the SPDR S&P 500 ETF Trust (commonly known and referred to by its ticker symbol, “SPY”).⁴ The Exchange adopted its initial SPIKES transaction fees on February 15, 2019.⁵

Proposal

The Exchange now proposes to amend Section 1)a)xi) of the Fee Schedule to adopt a Market Turner Incentive Program (the “Program”) that will provide rebates to Market Makers that submit aggressively priced quotes in options on SPIKES. The term “Market Turner” will mean a Market Maker simple quote (not eQuote) that establishes and maintains the new MIAX best bid (the “MBB”) or the MIAX best offer (“MBO”) in a SPIKES option. Under the Program, the Exchange will pay a per contract rebate to the Market Turner for each contract that executes as the MBB (MBO). The amount of the rebate shall be (i) \$0.20 per executed contract, for options having a premium price greater than \$0.10, or (ii) \$0.05 per executed contract, for

⁴ See Securities Exchange Act Release No. 84417 (October 12, 2018), 83 FR 52865 (October 18, 2018) (SR-MIAX-2018-14) (Order Granting Approval of a Proposed Rule Change by Miami International Securities Exchange, LLC to List and Trade on the Exchange Options on the SPIKES™ Index).

⁵ See Securities Exchange Release No. 85283 (March 11, 2019), 84 FR 9567 (March 15, 2019) (SR-MIAX-2019-11). (The Exchange initially filed the proposal on February 15, 2019 (SR-MIAX-2019-04). That filing was withdrawn and replaced with (SR-MIAX-2019-11)).

options having a premium price of \$0.10 or less. The Exchange notes that a Market Maker who is also a Maker but not a Market Turner will not receive the Market Turner rebate and will receive the Maker rate currently prescribed in the Simple and Complex Fee table in Section xi) of the Fee Schedule. The purpose of the Program is to encourage Market Makers to submit aggressively-priced quotes in SPIKES options, which will enable the Exchange to strengthen its market quality for all market participants in SPIKES options.

Under the Program, a Market Turner must submit a resting quote that sets a more aggressive price, and subsequently does not become inferior to another quote or order. A Market Turner will lose its Market Turner status if a more aggressively priced resting quote or order price improves the current Market Turner's quote. Market Turner status will also be lost if the Market Turner's quote becomes inferior. Market Turner quote size changes without any price change will not affect Market Turner status. The Exchange also proposes that, under the Program, Market Turner status is not available for quotes coming out of the opening, reopening after a trading halt, or uncrossing. Further, the Exchange proposes that there will not be Market Turner status for a Taker, except when there is remaining interest that rests (becomes the Maker).

The Program is similar to a NBBO setter incentive plan in place at Cboe BZX Exchange, Inc. ("Cboe BZX").⁶ However, the Exchange notes that there are several differences between MIAX's proposal and the plan adopted by Cboe BZX: (1) the Program only includes rebates for Market Makers in SPIKES options (a Proprietary Product) while Cboe BZX's plan includes multi-listed options; (2) the Program will not require an ADV threshold while Cboe BZX requires certain thresholds to be met; (3) the Program has one level of rebate while Cboe BZX has different tier levels; and (4) the Program requires that a "Market Turner must submit a

⁶ See Securities Exchange Act Release No. 63632 (January 3, 2011), 76 FR 1205 (January 7, 2011) (SR-BATS-2010-038).

resting quote that sets a more aggressive price, and subsequently does not become inferior to another quote or order” whereas under Cboe BZX’s plan, “[a]n order that is entered at the most aggressive price both on the [Cboe BZX] book and according to then current OPRA data will be determined to have set the NBB or NBO for purposes of the NBBO Setter Rebate without regard to whether a more aggressive order is entered prior to the original order being executed.”⁷

The proposed rebates are targeted at Market Makers in SPIKES options. There are currently fewer than five (5) Market Makers in SPIKES options that could benefit from these rebates, however the Program is also designed to attract additional market makers (both existing Market Maker members of MIAX as well as non-members to join MIAX) to quote in SPIKES options. Thus, the Exchange estimates that, overall, there would be fewer than fifteen (15) such market participants that could benefit from these rebates. The proposed rebates do not apply differently to different sizes of market participants, however they do only apply to Market Makers (and not EEMs). The Exchange believes it is reasonable to only offer rebates to Market Makers because the Exchange is seeking continuous, two-sided quoting liquidity providers for SPIKES options, in order to enhance liquidity and spreads in SPIKES Options, which is traditionally provided by Market Makers, as opposed to EEMs.

The proposed rule change is to become operative June 1, 2019.

b. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other

⁷ See supra note 6.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

charges among Exchange Members¹⁰ and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act¹¹ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

The Exchange believes that its proposal to adopt the Program for Market Makers in SPIKES options is consistent with Section 6(b)(4) of the Act in that the proposal is reasonable, equitable and not unfairly discriminatory. The proposed fee changes are reasonably designed because they are intended to incentivize Market Makers to quote aggressively in SPIKES options on the Exchange, which will enable the Exchange to strengthen its market quality for all market participants in SPIKES options. In particular, the proposed changes are designed to incentivize Market Makers in SPIKES options to enter quotes which establish and maintain a new MBB or MBO on the Exchange in an effort to qualify for a rebate as a Market Turner under the Program.

The Exchange believes that it is equitable and not unfairly discriminatory to have the Program rebates apply only to Market Makers (as compared to Electronic Exchange Members¹² (“EEMs”)) because Market Makers, unlike other market participants, take on a number of obligations, including quoting obligations that other market participants do not have. In particular, the proposed rebates will encourage Market Maker quotes at the MBB or MBO, and is

¹⁰ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

¹¹ 15 U.S.C. 78f(b)(5).

¹² The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100

therefore directly focused on encouraging aggressively priced liquidity in SPIKES options.

Further, Market Makers have added market making and regulatory requirements, which normally do not apply to other market participants. For example, Market Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing.

The Exchange believes that it is reasonable to establish a separate incentive program for Market Makers in SPIKES options in order to encourage trading in SPIKES options on the Exchange. Defining the proposed Program on the Fee Schedule promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest by creating a clear understanding of the Program.

The proposed Program rebates are reasonable, equitable, and not unfairly discriminatory because they will apply similarly to all Market Makers who trade in SPIKES options and establish a Market Turner quote. All similarly situated Market Makers are subject to the same transaction rebate schedule, and access to the Exchange is offered on terms that are not unfairly discriminatory.

The Exchange believes that the proposed rebates constitute an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The proposed rebates are available to all Market Maker Members of the Exchange that quote in SPIKES options. The proposed rebates do not apply to EEMs, because the Exchange is seeking to enhance the quality of its markets in SPIKES options through introducing more competition among market makers in SPIKES options. The Exchange believes that offering the

proposed rebates to Market Makers will cause Market Makers to quote more aggressively, thus improving the overall market quality in SPIKES options, for the benefit of all market participants in SPIKES options. In order to increase competition among Market Makers, the Exchange believes that it must pay rebates to Market Makers. EEMs do not provide the same type of continuous, two-sided market liquidity which is provided by Market Makers, therefore the Exchange believes it is reasonable and not unfairly discriminatory to only offer the proposed rebates to Market Makers (and not EEMs).

4. Self-Regulatory Organization's Statement on Burden on Competition

MIAX does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes would increase intramarket competition by incentivizing Market Makers to quote aggressively in SPIKES options, which will enhance the quality of quoting and increase the volume of contracts in SPIKES options traded on MIAX. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity for the Exchange's SPIKES options. Enhanced market quality and increased transaction volume in SPIKES options that results from the anticipated increase in Market Maker activity on the Exchange will benefit all market participants and improve competition on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes for Market Makers will be assessed equally to all such Market Makers. While different fees are assessed to different market participants in some circumstances, these different market participants have different obligations and different

circumstances as discussed above. For example, Market Makers have quoting obligations that other market participants (such as EEMs) do not have.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed rebates relate solely to SPIKES options, which are traded exclusively on the Exchange.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,¹³ and Rule 19b-4(f)(2) thereunder¹⁴ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is partly based on the rule adopted by Cboe BZX.¹⁵

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 240.19b-4.

¹⁵ See supra note 6.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Applicable Section of the MIAX Fee Schedule.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2019-29)

May __, 2019

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange LLC to Amend Its Fee Schedule

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 31, 2019, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the “Fee Schedule”) to adopt a rebate program for Market Makers³ that submit aggressively priced quotes in SPIKES options.

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on June 1, 2019.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings>, at MIAX’s principal office, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

On October 12, 2018, the Exchange received approval from the Commission to list and trade on the Exchange, options on the SPIKES® Index, a new index that measures expected 30-day volatility of the SPDR S&P 500 ETF Trust (commonly known and referred to by its ticker symbol, “SPY”).⁴ The Exchange adopted its initial SPIKES transaction fees on February 15, 2019.⁵

Proposal

The Exchange now proposes to amend Section 1)a)xi) of the Fee Schedule to adopt a Market Turner Incentive Program (the “Program”) that will provide rebates to Market Makers that submit aggressively priced quotes in options on SPIKES. The term “Market Turner” will

⁴ See Securities Exchange Act Release No. 84417 (October 12, 2018), 83 FR 52865 (October 18, 2018) (SR-MIAX-2018-14) (Order Granting Approval of a Proposed Rule Change by Miami International Securities Exchange, LLC to List and Trade on the Exchange Options on the SPIKES™ Index).

⁵ See Securities Exchange Release No. 85283 (March 11, 2019), 84 FR 9567 (March 15, 2019) (SR-MIAX-2019-11). (The Exchange initially filed the proposal on February 15, 2019 (SR-MIAX-2019-04). That filing was withdrawn and replaced with (SR-MIAX-2019-11)).

mean a Market Maker simple quote (not eQuote) that establishes and maintains the new MIAX best bid (the “MBB”) or the MIAX best offer (“MBO”) in a SPIKES option. Under the Program, the Exchange will pay a per contract rebate to the Market Turner for each contract that executes as the MBB (MBO). The amount of the rebate shall be (i) \$0.20 per executed contract, for options having a premium price greater than \$0.10, or (ii) \$0.05 per executed contract, for options having a premium price of \$0.10 or less. The Exchange notes that a Market Maker who is also a Maker but not a Market Turner will not receive the Market Turner rebate and will receive the Maker rate currently prescribed in the Simple and Complex Fee table in Section xi) of the Fee Schedule. The purpose of the Program is to encourage Market Makers to submit aggressively-priced quotes in SPIKES options, which will enable the Exchange to strengthen its market quality for all market participants in SPIKES options.

Under the Program, a Market Turner must submit a resting quote that sets a more aggressive price, and subsequently does not become inferior to another quote or order. A Market Turner will lose its Market Turner status if a more aggressively priced resting quote or order price improves the current Market Turner’s quote. Market Turner status will also be lost if the Market Turner’s quote becomes inferior. Market Turner quote size changes without any price change will not affect Market Turner status. The Exchange also proposes that, under the Program, Market Turner status is not available for quotes coming out of the opening, reopening after a trading halt, or uncrossing. Further, the Exchange proposes that there will not be Market Turner status for a Taker, except when there is remaining interest that rests (becomes the Maker).

The Program is similar to a NBBO setter incentive plan in place at Cboe BZX Exchange, Inc. (“Cboe BZX”).⁶ However, the Exchange notes that there are several differences between

⁶ See Securities Exchange Act Release No. 63632 (January 3, 2011), 76 FR 1205 (January 7, 2011) (SR-BATS-2010-038).

MIAX's proposal and the plan adopted by Cboe BZX: (1) the Program only includes rebates for Market Makers in SPIKES options (a Proprietary Product) while Cboe BZX's plan includes multi-listed options; (2) the Program will not require an ADV threshold while Cboe BZX requires certain thresholds to be met; (3) the Program has one level of rebate while Cboe BZX has different tier levels; and (4) the Program requires that a "Market Turner must submit a resting quote that sets a more aggressive price, and subsequently does not become inferior to another quote or order" whereas under Cboe BZX's plan, "[a]n order that is entered at the most aggressive price both on the [Cboe BZX] book and according to then current OPRA data will be determined to have set the NBB or NBO for purposes of the NBBO Setter Rebate without regard to whether a more aggressive order is entered prior to the original order being executed."⁷

The proposed rebates are targeted at Market Makers in SPIKES options. There are currently fewer than five (5) Market Makers in SPIKES options that could benefit from these rebates, however the Program is also designed to attract additional market makers (both existing Market Maker members of MIAX as well as non-members to join MIAX) to quote in SPIKES options. Thus, the Exchange estimates that, overall, there would be fewer than fifteen (15) such market participants that could benefit from these rebates. The proposed rebates do not apply differently to different sizes of market participants, however they do only apply to Market Makers (and not EEMs). The Exchange believes it is reasonable to only offer rebates to Market Makers because the Exchange is seeking continuous, two-sided quoting liquidity providers for SPIKES options, in order to enhance liquidity and spreads in SPIKES Options, which is traditionally provided by Market Makers, as opposed to EEMs.

The proposed rule change is to become operative June 1, 2019.

⁷

See supra note 6.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Exchange Members¹⁰ and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act¹¹ in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers.

The Exchange believes that its proposal to adopt the Program for Market Makers in SPIKES options is consistent with Section 6(b)(4) of the Act in that the proposal is reasonable, equitable and not unfairly discriminatory. The proposed fee changes are reasonably designed because they are intended to incentivize Market Makers to quote aggressively in SPIKES options on the Exchange, which will enable the Exchange to strengthen its market quality for all market participants in SPIKES options. In particular, the proposed changes are designed to incentivize Market Makers in SPIKES options to enter quotes which establish and maintain a new MBB or MBO on the Exchange in an effort to qualify for a rebate as a Market Turner under the Program.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

¹¹ 15 U.S.C. 78f(b)(5).

The Exchange believes that it is equitable and not unfairly discriminatory to have the Program rebates apply only to Market Makers (as compared to Electronic Exchange Members¹² (“EEMs”)) because Market Makers, unlike other market participants, take on a number of obligations, including quoting obligations that other market participants do not have. In particular, the proposed rebates will encourage Market Maker quotes at the MBB or MBO, and is therefore directly focused on encouraging aggressively priced liquidity in SPIKES options. Further, Market Makers have added market making and regulatory requirements, which normally do not apply to other market participants. For example, Market Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing.

The Exchange believes that it is reasonable to establish a separate incentive program for Market Makers in SPIKES options in order to encourage trading in SPIKES options on the Exchange. Defining the proposed Program on the Fee Schedule promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general protects investors and the public interest by creating a clear understanding of the Program.

The proposed Program rebates are reasonable, equitable, and not unfairly discriminatory because they will apply similarly to all Market Makers who trade in SPIKES options and establish a Market Turner quote. All similarly situated Market Makers are subject to the same transaction rebate schedule, and access to the Exchange is offered on terms that are not unfairly discriminatory.

¹² The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100

The Exchange believes that the proposed rebates constitute an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The proposed rebates are available to all Market Maker Members of the Exchange that quote in SPIKES options. The proposed rebates do not apply to EEMs, because the Exchange is seeking to enhance the quality of its markets in SPIKES options through introducing more competition among market makers in SPIKES options. The Exchange believes that offering the proposed rebates to Market Makers will cause Market Makers to quote more aggressively, thus improving the overall market quality in SPIKES options, for the benefit of all market participants in SPIKES options. In order to increase competition among Market Makers, the Exchange believes that it must pay rebates to Market Makers. EEMs do not provide the same type of continuous, two-sided market liquidity which is provided by Market Makers, therefore the Exchange believes it is reasonable and not unfairly discriminatory to only offer the proposed rebates to Market Makers (and not EEMs).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes would increase intramarket competition by incentivizing Market Makers to quote aggressively in SPIKES options, which will enhance the quality of quoting and increase the volume of contracts in SPIKES options traded on MIAX. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity for the Exchange's SPIKES options. Enhanced market quality and increased transaction volume in SPIKES options that results from the anticipated increase in Market Maker activity on the Exchange will benefit all market participants and improve competition on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes for Market Makers will be assessed equally to all such Market Makers. While different fees are assessed to different market participants in some circumstances, these different market participants have different obligations and different circumstances as discussed above. For example, Market Makers have quoting obligations that other market participants (such as EEMs) do not have.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed rebates relate solely to SPIKES options, which are traded exclusively on the Exchange.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,¹³ and Rule 19b-4(f)(2)¹⁴ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹³ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁴ 17 CFR 240.19b-4(f)(2).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2019-29 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2019-29. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-MIAX-2019-29 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Brent J. Fields
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).

Exhibit 5

New text is underlined;
Deleted text is in [brackets]

MIAX Options Fee Schedule

1) Transaction Fees**a) Exchange Fees**

i) – x) No Change.

xi) SPIKES[△]

Simple and Complex Fees [#]						
Origin	Simple/Complex [¥] Maker	Simple/Complex [¥] Taker	Simple Opening	Combination ^{~ !}	Simple Large Trade Discount Threshold+	Complex Large Trade Discount Threshold+
<i>Priority Customer</i>	\$0.00	\$0.00	\$0.00	\$0.00	0	0
<i>Market Maker</i>	\$0.00	\$0.20*	\$0.15	\$0.01	First 10,000 contracts	First 25,000 contracts
<i>Non-MIAX Market Maker</i>	\$0.10	\$0.25	\$0.15	\$0.01	First 10,000 contracts	First 25,000 contracts
<i>Broker-Dealer</i>	\$0.10	\$0.25	\$0.15	\$0.01	First 10,000 contracts	First 25,000 contracts
<i>Firm Proprietary</i>	\$0.00	\$0.20*	\$0.15	\$0.01	First 10,000 contracts	First 25,000 contracts
<i>Public Customer that is Not a Priority Customer</i>	\$0.10	\$0.25	\$0.15	\$0.01	First 10,000 contracts	First 25,000 contracts

△ SPIKES is a “Proprietary Product.” The term “Proprietary Product” means a class of options that is listed exclusively on the Exchange. See MIAX Rule 100.

* Taker fees for options with a premium price of \$0.10 or less will be charged \$0.05 per contract.

~ A “SPIKES Combination” is a purchase (sale) of a SPIKES call option and sale (purchase) of a SPIKES put option having the same expiration date and strike price.

! The SPIKES Combination portion of a SPIKES Combination Order will be charged at the Combination rate and other legs will be charged at the Complex rate. All fees are per contract per leg.

- + Tied to Single Order/Quote ID. For any single order/quote, no fee shall apply to the number of contracts executed above the Simple or Complex Large Trade Discount Threshold. This discount does not apply to Priority Customer orders, Maker orders, SPIKES Opening orders, and the Surcharge. The Complex Large Trade Discount does not apply to SPIKES Combination Orders.
- ¥ For quotes/orders in a Complex Auction, Priority Customer Complex Orders will receive the Complex Maker rate. Origins that are not a Priority Customer will be charged the applicable Complex Taker rate.

Market Turner Incentive Program

The term "Market Turner" means a Market Maker simple quote (not eQuote) that establishes and maintains the new MIAX best bid (the "MBB") or the MIAX best offer ("MBO") in a SPIKES option. Under the Market Turner Incentive Program, the Exchange will pay a per contract rebate to the Market Turner for each contract that executes as the MBB (MBO). The amount of the rebate shall be (i) \$0.20 per executed contract, for options having a premium price greater than \$0.10, or (ii) \$0.05 per executed contract, for options having a premium price of \$0.10 or less.

b) - c) No Change.
